Massachusetts Electric Company
and
Nantucket Electric Company

September 2002
Quarterly Report

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Submitted to:
Massachusetts Department of
Telecommunications and Energy
D.T.E. 01-68

Submitted by:

Massachusetts Electric
A National Grid Company

Nantucket Electric
A National Grid Company

I. Introduction

At the end of the summer of 2001, the Department asked all Massachusetts utilities, including Massachusetts Electric Company and Nantucket Electric Company (collectively "Mass. Electric" or "Company") to undertake a critical self-assessment of their ability to provide reliable distribution service to customers. On October 29, 2001, Mass. Electric filed a comprehensive ten volume response ("Reliability Report"), which gave detailed information about the various factors that contribute to Mass. Electric's provision of reliable distribution service: growth forecasting; communication and notification procedures during outages; use of emergency generators and other equipment; personnel staffing and deployment during outages; weather forecasting; and maintenance and design of the distribution system. In the Reliability Report, Mass. Electric also analyzed its performance during the summer of 2001, and identified certain steps that it was taking to improve future reliability. On March 22, 2002, the Department issued an order on Mass. Electric's Reliability Report, directing Mass. Electric to address several suggestions for improving each of the various factors and report on several follow-up items and to provide the Department with a report assessing its expected ability to respond adequately during the summer of 2002. The March 22 order also required Mass. Electric to make annual and quarterly reports for the next two years regarding certain reliability factors. On June 7, 2002, Mass. Electric filed its Compliance Filing and Report on Summer 2002 Readiness ("June 2002 Report"). This filing, the September 2002 Quarterly Report, is Mass. Electric's next compliance filing required by the Department's order in this docket.

Coincident with this filing, the Company is responding separately to the Department's requests for information concerning the series of outages experienced by Medford in July 2002. The July 2002 Medford outage is the subject of a Department investigation, docketed as D.T.E. 02-41.

II. Discussion

For each of the quarterly reports, the Department has requested information from Mass. Electric regarding: the use of emergency generators and other equipment; personnel staffing and deployment, including employee hiring and training and emergency assistance resource sharing; and maintenance and design, including tree trimming and pole replacement activities. This report provides an update to the Department from the June 2002 Report.

A. Use of Emergency Generators and Other Equipment

As described in the Reliability Report and the June 2002 Report, the Company has contracted for and established deployment procedures for three two-megawatt trailer-mounted, diesel engine emergency generator units for use during emergency conditions. On July 10, 2002, the Company deployed these three units to the Codding Avenue substation in Medford in anticipation of being needed to serve area load due to multiple cable failures that would potentially result in extended outages in the Medford area. The Company installed these three units and they ultimately served area load for approximately twenty-one (21) hours during July 15 and 16.[1] These units remain on standby at the Codding Avenue site and are expected to remain on site until October

[1] Since the Company is providing ongoing information to the Department in D.T.E. 02-41, detailed information regarding the Medford outages information is not included in this quarterly report.

2002, at which time repairs to the underground cables supplying the substation should be completed to the extent that the generators would no longer be needed.

Since the three generators described above had been originally obtained in part for possible deployment to Cape Ann or Nantucket, or wherever else they could be used, the Company has procured three additional, identical generator units from the same vendor. On July 20, 2002, these units were shipped to the Gloucester substation and remain on site in Gloucester. The Company will evaluate the need to keep these three additional units when the original three units are no longer needed in Medford.

B. Personnel Staffing and Deployment

The Department has directed Mass. Electric to provide information on the progress of the hiring and training of 125 engineering and physical workers and the activities of the emergency resource assistance sharing.

1. Employee Hiring and Training

The June 2002 Report detailed the anticipated hiring and training of 125 engineering and physical workers in New England. Of the 125 workers slated to be hired, ninety-three (93) are currently anticipated to be Mass. Electric specific, approximately seventy–four (74) of whom will be physical workers and nineteen (19) will be supervisory, engineering, and technical support personnel. For the approximately seventy-four (74) physical workers, Mass. Electric anticipates that approximately forty-one (41) will be overhead lines workers, twenty-three (23) will be underground lines workers, and ten (10) will be substation workers.

Posting of positions is the first but most important step of the process to elicit qualified candidates for, and ultimately fill, a particular job.[2] At this time, thirty-eight (38) of the seventy-four (74) of the physical worker positions have been posted with the local unions. An additional nine (9) positions are scheduled to be posted during September 2002, and an additional twenty-seven (27) positions are scheduled to be posted during October 2002.[3]

To date, Mass. Electric and its New England affiliates have hired a total of fifty (50) physical workers.[4] Mass. Electric has hired twenty-nine (29) of those fifty (50) physical workers.[5] The Company and its affiliates have completed a number of pre-qualification training sessions, with 127 workers now pre-qualified to bid on the physical worker vacancies. Of the 127, ninety-five (95) workers are pre-qualified to bid on Mass. Electric jobs.

The Company and its affiliates remain committed to filling all 125 positions and by this fall expect to have awarded the majority of the physical workers positions in response to the job postings.

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[2] As explained in the June 2002 Report, physical workers are placed according to labor contracts. The Company's experience indicates, however, that often Mass. Electric is not able to fill all postings with qualified candidates from the eligible bidders pool of the local union, and additional posting may likely be forthcoming later in the fall. For instance, the Company typically initially posts positions to the local union, then subsequently may courtesy post to the other union locals in the Company. If the Company is unable to find qualified eligible candidates from within the Company, Mass. Electric may pursue hiring candidates from outside the Company.

[3] These dates have been coordinated to offer meter readers who may be surplused as a result of the Company's implementation of the Automated Meter Reading ("AMR") project with an opportunity to bid on positions.

[4] The June 2002 Report indicated that Mass. Electric had awarded forty-five (45) physical workers, however this is the total for the Company and its affiliates.

[5] Granite State Electric Company, Mass. Electric's New Hampshire affiliate, hired three (3) of these physical workers; The Narragansett Electric Company, its Rhode Island affiliate, hired eighteen (18).

2. Emergency Assistance Resource Sharing

The Company's emergency assistance resource sharing policy remains as described in the Reliability Report. Since the filing of the June 2002 Report, Mass. Electric has not provided any assistance to any companies, including affiliated companies. On August 2, 2002, Mass. Electric received a request to provide emergency assistance to a Connecticut utility, but the Company was unable to provide any crews, due to internal needs.

In July 2002, Mass. Electric requested and obtained services for emergency assistance from electric distribution company affiliates of the Company to respond to the Medford underground outages. Mass. Electric obtained six splicing crews and one survey crew from Niagara Mohawk, its New York affiliate, and three splicing crews from The Narragansett Electric Company, its Rhode Island affiliate. Additionally, supplemental resources from other Mass. Electric service centers were redirected to support the Medford restoration effort. By using these additional resources during an emergency situation, Mass. Electric was able to expedite the work to restore reliable service to Medford.

C. Maintenance and Design

With regard to maintenance and design, the Department has asked for a report on tree trimming activities, including procedures, schedules, and a description of the cooperation by and coordination with communities. The Department has also requested quarterly information on pole replacement activity, including procedures for surveying poles and working with other utilities in this process, with particular attention to the systematic removal of double poles and removing the root cause of undue accumulation

of double poles by better coordination with owners and tenants of poles. The Company's tree trimming and pole replacement activities are described below.

1. Tree Trimming

The Company's tree trimming procedures, process for coordinating with communities, circuit-based trimming program, and tree trimming staff remain as described in the June 2002 Report. Mass. Electric's tree trimming budget for fiscal year 2003 has now been set at $8.25 million, and the fiscal year-end mileage goal has been set at 2,024 miles.[6] For the period April 1, 2002 to July 31, 2002, Mass. Electric has trimmed 617 miles.

2. Pole Replacement Activities

As the Company's June 2002 Report indicates, Mass. Electric has surveyed its entire service territory and developed a comprehensive list of doubled poles. This survey concluded that of the 710,200 poles in the Mass. Electric service territory, approximately 11,100 doubled poles existed on the system. Of these 11,100 doubled poles, there were 1,600 poles ready to be removed for which Mass. Electric had the responsibility to do so, and another 2,700 poles that were ready for Mass. Electric to transfer its facilities.

Considerable progress has been made to date in reducing of the number of doubled poles, especially those that are awaiting action by Mass. Electric. Since the initial survey, the total number of doubled poles in the Company's service territory has declined 12% and the number of poles awaiting action by the Company has declined 53%. Specifically, as of August 20, 2002, Mass. Electric's database indicates that

[6] This compares with a budget of $8.5 million with a goal of 2,006 miles for fiscal year 2002. The fiscal year 2003 program incorporates certain provisions designed to improve the efficiency of the program.

approximately 9,800 doubled poles exist on the system.[7] Of the approximately 9,800 doubled poles, 620 are ready for removal by Mass. Electric and 1,394 are ready for Mass. Electric to transfer its facilities. The remaining approximately 7,786 doubled poles are awaiting action by another utility or attachee, other than Mass. Electric. Progress is being made on a daily basis to reduce the numbers for all of these doubled pole categories. The progress is even more substantial when one considers that about 1,000 new poles are installed each month in the Company's service territory, many of which result in new doubled poles.

Additionally, as the June 2002 Report indicates, the Company has been working closely with other pole owners in Massachusetts, including Verizon, NStar, Western Massachusetts Electric Company, and Fitchburg Gas & Electric Company, to develop a common database to track doubled pole locations and transfer status for various companies attached to poles, notify attaching companies of their obligations via email, and provide summary reports. The pole owners have since evaluated several vendors and have decided to enter into agreements with Inquest Technologies, Inc. of Southborough, Massachusetts, for use of its Pole Lifecycle Management ("PLM") System. The PLM application is a web-based database into which double pole information is entered, transfer obligations are communicated electronically to attachees, and attachee performance is monitored. Summary reports are available to monitor pole owners' and attachees' performance. The Company believes that implementation of the PLM application will substantially improve the pole setting and transfer process to ensure that pole owners and attachees are able to meet their respective obligations. The Company

[7] These numbers are subject to confirmation with Verizon.

will continue to provide the Department with updates on the implementation of the PLM application and the anticipated reduction in doubled poles in its next quarterly report.

III. Conclusion

Mass. Electric will continue to update and provide progress reports required by the Department, as set forth in the Department's March 22, 2002 order.